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INFO RUEHGB/AMEMBASSY BAGHDAD 6288
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STATE FOR NEA/ELA AND EEB

E.O. 12958: N/A
TAGS: [ECON](#) [SOCI](#) [JO](#)
SUBJECT: JORDAN'S CONSUMER PRICE INDEX DROPS; CENTRAL BANK GOVERNOR
SAYS INFLATION RISKS ARE LOW

REFS: A) AMMAN 1955
B) AMMAN 1942
C) AMMAN 1867
D) AMMAN 1646
E) AMMAN 877
F) AMMAN 193

[1](#)1. (U) The consumer price index (CPI) in Jordan dropped 0.1% over the first seven months of 2009 when compared to the same period in 2008, according to Jordan's Department of Statistics (DOS). The DOS figures show that the drop in CPI for the first seven months of 2009 is due to a drop in prices of several key commodities and services during that time period including transportation (-16.9%), fuel (-11.5%), vegetables (-6.7%), fruits (-3.2%), and healthcare (-2.3%).

[1](#)2. (U) Jordan's CPI fell 3.6% when comparing July 2008 and July 2009, due in part to a 21.5% drop in transportation prices and a 19.9% decrease in fuel prices. While there was a 0.3% increase between June 2009 and July 2009, attributed mainly to an increase in fuel, meat and vegetable costs, the net result since January 2009 is a drop of 1.6% in prices. Comment: The Islamic holy month of Ramadan (August 22 to approximately September 21) will likely impact CPI as the month is historically marked by a spike in food prices that should be reflected in the October 2009 CPI figures (ref C).
End comment.

[1](#)3. (U) 2008 was a tough year for Jordanians with double-digit inflation figures at year-end reaching 13.9%, but the current inflation rate stands at -0.1% (ref E). Commenting on inflation in 2009, Central Bank of Jordan Governor Umayya Toukan said in an August 21 television interview that he was not worried about inflation risks in Jordan even with the recent rise in oil prices. He noted that with oil prices at \$70 per barrel, inflation was not a major concern compared to last year when oil prices were \$140 per barrel.

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